RAJYA SABHA

Tuesday, the 2nd May, 2000/12 Vaisakha, 1922 (Saka)

The House met at eleven of the clock, MR. CHAIRMAN In the chair

ORAL ANSWERS TO QUESTIONS

501. [The questioners (SHRI RAMACHANDRAIAH RUMANDLA and SMT. Y. LAKSHMI PRASAD) were absent for answer, *vide*, page..... *infra*]

Filling up of vacancies of Executive Directors and CMDs in Banks

*502. SHRI BHAGATRAM MANHAR : Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government fill the vacancies of Executive Directors and Chairmen-cum-Managing Directors of the nationalised banks only from amongst the persons working in these banks;

(b) if so, the reasons for not considering officers of the State Bank of India and its associate banks for this purpose; and

(c) if the reply to part (a) above be in the negative, how many persons from the S.B.I. and its associate banks have been considered for the appointment of Executive Directors and C.M.Ds. in the nationalised banks during the past five years?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) No Sir.

(b) Does not arise.

(c) During the last five years, 7 persons from the State Bank of India and its associate banks have been appointed as Chairmen and Managing Directors and Executive Directors in the nationalised banks. In addition, one Chief General Manager of an associate bank who was considered for the post of Executive Director in a nationalised bank, declined the offer.

SHRI BHAGATRAM MANHAR : Sir, the Government is responsible for the appointment of CMDs, EDs and non-official Directors on various banks and financial institutions. But, Sir, apart from the vacant posts of CMDs and

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EDs, more than 150 non-official Directors are yet to be appointed on these banks. So, I would like to know as to when the process of appointing new non-official Directors would be commenced and what the method of selection of these Directors would be. Sir, the present non-official Directors are continuing against the rules of the RBI as their terms have already expired long back.

SHRI BALASAHEB VIKHE PATIL : Sir, this question is specifically regarding the vacancies of the CMDs and as to how many officers from State Bank have been promoted to other banks. I do not think any question of non-official Directors is involved here. But somehow we have some criteria based on various judgements with regard to the appointment of non-official Directors. Sir, I would like to tell the hon. Member that the process is on in this regard.

SHRI BHAGATRAM MANHAR : Sir, many co-operative banks, regional co-operative banks and private banks are operating in different parts of the country. There is hardly any control of the RBI or the Ministry of Finance on these banks. I would, therefore, like to know whether the Government is considering any proposal to increase the stake of the Government in these banks by appointing Government nominees or non-official Directors on the lines of the nationalised banks.

श्री बालासाहेब विखे पाटिल : सभापति जी, यह सवाल सहकारी बैंक और राष्ट्रीयकृत बैंकों से संबंधित है। मैं यह कहना चाहूंगा कि अगर यह कोऑपरेटिव बैंक में हो तो भी the co-operative banks are also covered under the banking law. The RBI always goes in for inspections and makes its suggestions. With regard to the last part of the question, I would like to say that there is no such proposal under consideration at the moment.

SHRI J. CHITHARANJAN : Sir, I would like to know how many posts of MDs, Chairmen and EDs are lying vacant in various nationalised banks.

SHRI BALASAHEB VIKHE PATIL : Sir, we have 19 nationalised banks. As far as EDs are concerned, only a few post, only two, are lying vacant. As far as CMDs are concerned, a few vacancies are lying vacant because the process requires clearance from the RBI, CBI and CVC. After a clearance from the CVC, I think, this process will be completed at the earliest.

SHRI K.M. SAIFULLAH : Sir, in the nationalised banks, like the Anantha Gramin Bank, a non-official member used to be appointed in every district to cater to the needs of the agriculturists and others. But, for the last 3-4 years, this practice has been stopped. So, I would like to know from the hon. Minister, why has it been stopped? Is he going to take up this matter?

SHRI BALASAHEB VIKHE PATIL : Sir, this point is also not covered under the present question. But, I do agree that there are non-official directors; their tenure has expired, but they are still continuing. Sir, it is because there is a lacuna in the law. Until his successor is appointed, the present director continues. We are trying to remove that lacuna, and the new directors may be appointed soon.

श्री संघ प्रिय गौतम: सभापति महोदय, इन सभी 19 राष्ट्रीयकृत बैंकों में से किसी भी बैंक का चेयरमैन, ऐक्ज़ीक्यूटिव डायरेक्टर अथवा एम.डी. अनुसूचित जाति अथवा जनजाति का नहीं है। मैं मंत्री जी से पूछना चाहूंगा कि क्या इन बैंकों में से एक-आध बैंक में एम.डी., चेयरमैन अथवा ऐक्ज़ीक्यूटिव डायरेक्टर अनुसूचित जाति अथवा जनजाति में से नियुक्त करेंगे ?

श्री बालासाहेब विखे पाटील : सर, वैसे तो इसमें जो नियुक्तियां की गयी हैं, वह धर्म अथवा जाति का कैलकुलेशन करके नहीं की गयी हैं लेकिन अगर इसमें कुछ हो सकता है तो in future, we will keep his suggestion in mind.

SHRI SANTOSH BAGRODIA : Mr. Chairman, Sir, the banks are supposed to be commercial organizations. So, continuity is an important factor. Today, probably, 10 banks in fact, 12 banks do not have Managing Directors. In the process, if these MDs are appointed on the basis that one ED goes to other bank, then a lot of destabilisation takes place in both the banks. So, Sir, through you, I would like to know from the hon. Minister whether he would like to introduce a new policy by which a new Chairman is appointed at least one year in advance so that he can take over, with a complete continuity and understand the business. This destabilisation affects the bottom-line of banks. When a lot of foreign banks have come, it will be impossible for these banks to face competition. So, I would like to seek a clarification from the hon. Minister in this point.

SHRI BALASAHEB VIKHE PATIL : Mr, Chairman, Sir, we fully agree with the hon. Member. In view of the difficulties and the competition, our Minister has always instructed us that we should have an advance appointment for all the panels - it may be a CGM, it may be a ED, it may be a Managing

Director, or it may be a CMD. We are trying to evolve a procedure so that, in future, no vacancy remains unfilled for a longer period.

SHRI SURESH A. KESWANI : Sir, the procedure, which is adopted for appointment of EDs and CMDs in the nationalised banks and financial institutions, lacks transparency. There are a number of General Managers who are eligible for these posts, but there is no way that these people could know as to what are the criteria for inviting people for interview, for the posts of EDs and CMDs. This lack of transparency results in various allegations and various rumours. There are allegations that the procedure is influenced by political considerations. Also, there are allegations that there is a nexus between the Deputy Director of the Reserve Bank of India, in charge of banking operations, and the Secretary (Banking). There are allegations that various political forces are at work, or industrial houses are influencing the decisions in regard to, appointment of EDs and CMDs. So, I would urge upon the hon. Minister to kindly tell us whether such a transparency is possible. If so, how is he going to achieve it? How soon can he do this?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA) : Sir, I do not think the apprehension, which the hon. Member has voiced in this House, is correct. I would like to deny any such allegations-whether it is lack of transparency or it is an interference or conspiracy on the part of certain officials. Recently, we conducted interviews for these posts. There is an Appointments Board for this purpose, which is headed by the Governor, RBI. A Committee has been set up for selection of EDs. This Committee, on the basis of very transparent norms, had invited 63 Chief General Managers from various public sector banks for an interview to the posts of Executive Directors. Sir, sixty of them have turned up. They have been interviewed. The recommendations have been routed through the appointment board. These recommendations are under the consideration of the Government. I would like to say that merit, seniority and professional competence are the considerations which have prevailed in the past, and will continue to prevail in future also and that no other consideration will be allowed to come in the way of this procedure. It is absolutely a merit-based consideration.

Development of tourist places in Kanyakumari

*503 SHRI N. THALAVAI SUNDARAM : Will the Minister of TOURISM be pleased to state :